



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

March 5, 2014

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## SACRAMENTO UPDATE

### Executive Summary

This memorandum contains reports on the following legislation of County interest:

- **SCA 16 (Steinberg).** As introduced on February 20, 2014, this measure would amend the California Constitution to require the Governor to fill vacancies in either house of the Legislature by appointment.
- **AB 485 (Gomez).** As amended on February 18, 2014, this measure would make changes to the In-Home Supportive Services Program collective bargaining and the Coordinated Care Initiative Demonstration Project. AB 485 passed the Senate Floor on February 24, 2014, and is currently awaiting hearing in the Assembly Committee on Human Services.
- **AB 777 (Muratsuchi).** As amended on February 19, 2014, this measure would provide a property tax exemption for certain property used for space flight purposes.
- **AB 1941 (Holden).** As introduced on February 19, 2014, this measure would expand the Board of Directors of the Los Angeles County Metropolitan Transportation Authority from 14 to 16 members.

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### **Legislation of County Interest**

**SCA 16 (Steinberg)**, which as introduced on February 20, 2014, would place before the voters a measure to amend the California Constitution to require the Governor to fill vacancies in either house of the Legislature by appointment.

The Constitution requires the Governor to call an election to fill a vacancy occurring in either house of the Legislature. Under current law, expenses incurred to conduct these special elections are to be paid by the county in which the election is held.

SCA 16 would place a measure on the ballot to require the Governor to fill vacancies in the Legislature by appointment within 21 days of the date of the vacancy. The measure would require that the Governor's appointee have the same political party preference as the vacating member when he or she was last elected. SCA 16 would allow the house to which the appointment is made to reject the appointment by a majority vote within 21 days of the Governor's appointment. If not rejected, appointees would take office at the end of the 21-day period and would serve for the remainder of the term of the vacating member. However, for a Senate seat whose term does not end in the same year as the end of the biennium of the regular legislative session when the vacancy occurred, the appointee shall not serve the remainder of the unexpired term. Instead, a special election would be held during the statewide general election immediately preceding the end of the biennium of the regular legislative session to fill the remainder of the unexpired term.

SCA 16 is currently in the Senate pending referral to committee. There is no registered support or opposition currently on file. The measure requires two-thirds approval of the Legislature. If enacted, it is expected that the initiative would appear on the November 2014 General Election ballot for voter consideration.

This office will closely monitor SCA 16 and continue to work with the Registrar-Recorder/County Clerk on a comprehensive analysis and keep the Board apprised of any developments. However, it is important to note that any advocacy on this measure would be a matter of Board policy determination.

**AB 485 (Gomez)**, which as amended on February 18, 2014, would: 1) expand the current In-Home Supportive Services (IHSS) Statewide Authority to assume responsibility for collective bargaining with unions representing IHSS providers in all 58 counties effective January 1, 2015, instead of the eight counties currently participating in the Coordinated Care Initiative (CCI) Demonstration Project; 2) de-link

the IHSS Statewide Authority from the implementation of the CCI Demonstration Project so that the Authority is permanent regardless of what happens with the CCI; and 3) de-link the CCI from the existing county IHSS Maintenance of Effort funding structure, among other provisions.

As currently drafted, AB 485 includes clarifying and technical changes related to the division of responsibility between the IHSS Statewide Authority and county IHSS public authorities. AB 485 passed the Senate Floor by a vote of 26 to 7 on February 24, 2014, and is currently pending hearing in the Assembly Committee on Human Services.

**AB 777 (Muratsuchi)**, which as amended on February 19, 2014, would: 1) provide a property tax exemption for certain property used for space flight purposes; 2) provide the aforementioned property tax exemption for the January 1, 2014 lien date through the January 1, 2024 lien date; 3) provide that notwithstanding existing law, the State is exempt from having to reimburse any local agency for property tax revenue lost as a result of the property tax exemption; and 4) take effect immediately upon enactment.

Existing law specifies that all personal property is taxable unless the law provides for a specific exemption. Existing law further specifies that a property tax exemption is available for business inventories, which include all tangible personal property, whether raw materials, work in process, or finished goods, which will become a part of or are themselves items held for sale or lease in the ordinary course of business.

As amended, AB 777 would require that a taxpayer provide, upon request of the county assessor, evidence that the tax-exempt property has been or will be used for specified space flight purposes. The tax exemptions provided under this bill will be: 1) limited to taxpayers that have a primary business purpose in space flight activities; and 2) will be inoperative for any lien date after the January 1, 2024 lien date. The bill also indicates that the tax exemptions established under AB 777 shall not be denied due to the failure, postponement, and/or cancellation of a space flight launch or due to the destruction of a launch vehicle or a component of the launch vehicle.

According to the author's office, this bill will ensure that space technology jobs remain in the State and that California is given the opportunity to benefit from the economic contributions that are made by these types of companies.

The Office of the Assessor indicates that the February 19, 2014 amendments to AB 777 are likely to make the bill's requirements easier to administer as the proposed

property tax exemptions are no longer retroactive to January 1, 2013, and tangible personal property simply placed or used aboard space flight equipment is no longer eligible for property tax exemptions under the bill; however, there is still some concern that the precedent established by the bill may result in additional requests for special legislative treatment.

This office will continue to work with the Office of the Assessor and other affected departments to determine potential impact to the County.

AB 777 is supported by: California Chamber of Commerce; City of Hawthorne; Commercial Space Flight Federation; El Camino Community College District; Los Angeles Area Chamber of Commerce; Los Angeles County Economic Development Corporation; Northrop Grumman Aerospace Systems; the South Bay Association of Chambers of Commerce, amongst others.

AB 777 is opposed by the California State Association of Counties (CSAC) and Santa Clara County Assessor Larry Stone. According to CSAC, without amendments to the bill that provide reimbursement to local agencies for the revenue losses resulting from the proposed tax exemptions included in AB 777, CSAC will continue to oppose this measure.

AB 777 passed the Senate Governance and Finance Committee by a vote of 7 to 0 on February 26, 2014, and now proceeds to the Senate Appropriations Committee for consideration.

**AB 1941 (Holden)**, which as introduced on February 19, 2104, would expand the Board of the Los Angeles County Metropolitan Transportation Authority (Metro) from 14 to 16 members by adding two new members. The new members would be appointed by the Speaker of the Assembly and the Senate Rules Committee and would be considered voting members of the Board.

Existing law established the Metro Board with specified powers and duties relative to transportation planning, programming, and operations in Los Angeles County. The Metro Board consists of 14 members, as follows:

- Five members of the Los Angeles County Board of Supervisors;
- The Mayor of the City of Los Angeles;
- Two public members and one member of the City Council of the City of Los Angeles appointed by the Mayor of the City of Los Angeles;

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- Four members, each of whom shall be a mayor or a member of a city council, appointed by the Los Angeles County City Selection Committee, from one of four sectors (North County/San Fernando Valley, Southwest Corridor, San Gabriel Valley, or Southeast Long Beach); and
- One non-voting member appointed by the Governor.

According to the author's office, the widespread geographic reach of Metro's service area, the impact of its decision-making on neighboring counties, and the fact that Metro frequently provides local management for large State-funded highway construction projects necessitates adding Board members that will represent a more regional perspective.

AB 1941 is currently awaiting referral to a policy committee in the Assembly and may be considered on or after March 22, 2014.

On February 27, 2014, the Metro Board approved a staff recommendation to oppose AB 1941. The staff report noted that the existing composition of the Metro Board dates back to the original creation of Metro and was the result of a locally derived consensus, developed through extensive discussions with stakeholders throughout Los Angeles County. The report also indicated that the Metro Board has previously opposed legislation that would restructure the Board absent a locally derived consensus.

We will continue to keep you advised.

WTF:RA  
MR:IGEA:gl

c: All Department Heads  
Legislative Strategist